



Title: **Bad Debt: Out Of Service (OOS)  
Medical Debt Transfers**

Session: **W-3-0800**



# Basic Requirements

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- Requirements for transfer to DFAS
  - Transmittal Letter (Army: DA200)
  - Transfer Summary, two copies (Army: DA1854-R)
  - Certification Statement, one per debt package
  - Invoice and Receipt (I&R) or Bill
  - Delinquent Letters: two, dated 30 days apart
  - All other supporting documentation
  - Minimum dollar threshold per individual >\$225.00
  - Resource Code (RSC) 930, Individual Debtor



## Basic Requirements (Cont'd)

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- If collection action is deemed futile—unable to contact the debtor:
  - Provide a justification for incomplete due process
  - Letters returned/stamped “Undeliverable” require no further collection action. Original returned envelope must be included in the debt package to show that due process was attempted. Photocopy the envelope before mailing the package to DFAS
- Bills with unknown addresses require at least one delinquent letter to be printed and included in the debt package. Print the letter before transferring the debt out of your patient system



# The Transfer Summary

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- A separate Transfer Summary must be prepared for each FY
- Must have a complete Line of Accounting
- Sort by patient name and SSN. Batch by patient's medical encounters. Make sure that batched debts equal the minimal threshold of \$225.00
- Include account numbers and amounts of each debt. Provide a subtotal for each patient
- Note: the SSN MUST be the same on both the I&R and the Transfer Summary. Pen/Ink changes for SSN on the I&R are acceptable. Changes MUST be INITIALED



# The Transfer Summary (Cont'd)

- Exception to having only one FY on the Transfer Summary:
  - A patient may have medical encounters that cross multiple FYs. These encounters should be batched and transferred together on their own, separate Transfer Summary
  - Group the accounts together by FY (leave a space between FYs)
  - There must be a separate LOA for each FY
  - After the last account listed, include:
    - “BATCH TRANSFER – CROSSOVER FY”



# Common Issues

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- Mismatched SSNs
  - When there are multiple bills for a patient, there may be a pseudo SSN on one or more of the bills
  - Review all of the I&Rs to make sure that the SSN is the same on each one. If there are any mismatches, make pen/ink correction. All changes **MUST** be INITIALED. Ensure that the Transfer Summary has the correct SSN on all of the debts for the individual



# Common Issues (Cont'd)

- Mismatched Names
  - Review all I&Rs for misspelled names. Make corrections
  - We sometimes see variations of the patient's name on an I&R. The patient name, sponsor name, and billing name must be exactly the same (unless there actually is a sponsor, then the sponsor and billing name must match exactly)
  - Example: Patient name and sponsor name have a middle initial, but the billing name has the middle name spelled out. Make pen/ink changes. All changes **MUST** be INITIALED



## Common Issues (Cont'd)

- Debts for Minors
  - DFAS cannot legally establish a debt in a minor's name and/or SSN. The debt must be transferred under a parent's name/SSN. The sponsor name and the billing name must be the parent's
  - Provide a "Memo of Explanation" with the debt documents, listing the parent's information. Cross out the original sponsor name, billing name, and SSN on the I&R and make pen/ink corrections. All changes MUST be INITIALED
  - If the parent's SSN is unavailable, assign a pseudo SSN





# Common Issues (Cont'd)

- Debts for Minors (Cont'd)
  - On the Transfer Summary, please include parent's name and SSN
  - Example:
    - Johnson, Mary (patient)
    - Johnson, Robert (sponsor) SSN, acct number, and amount
  - Example: "Memo of Explanation"
    - Mary Johnson, SSN 123-45-6789, is a minor. The person responsible for this debt is the parent, Robert Johnson, SSN 987-65-4321. All bills have been changed to reflect Robert Johnson as the sponsor, billing name, and SSN.



## Common Issues (Cont'd)

- Debts for Dependents of Deceased Sponsors
  - Debts cannot be established in the name/estate of a deceased person for whom the debt was not incurred
  - The debt must be transferred under the patient's name/SSN
  - Cross out the original sponsor name, billing name and SSN on the I&R; change to patient's name/SSN
  - All changes MUST be INITIALED
  - The Transfer Summary should have the patient's SSN listed



## Common Issues (Cont'd)

- Debts for Dependents of Deceased Sponsors: (Cont'd)
  - Provide a “Memo of Explanation” with the debt documents
  - Example:
    - Barbara Smith is the spouse of deceased sponsor Frank Smith, SSN 123-45-6789. She is responsible for Acct. 123456. All bills have been changed to reflect Barbara White as the sponsor with her SSN 987-65-4321.



## Common Issues (Cont'd)

- Multiple bills for Several Family Members
  - Multiple bills for several family members, (spouse, child #1, child #2) that have the same sponsor SSN
  - DFAS has to transfer all of the debts using sponsor's name and SSN
  - Indicate on the Transfer Summary "All debts belong to the same sponsor; John Smith 123-45-6789"



## Common Issues (Cont'd)

- John Doe
  - DFAS cannot accept debts with unknown names, nor names described as “Trauma#123” on the I&R
- Statute of limitations (SOL)
  - For a debt to be accepted for collection, it must be established in the Defense Debt Management System (DDMS) within six years from the date service was incurred
  - Transfer debts that are not older than 5 years/8 months. This will give DFAS enough time for processing



## Common Issues (Cont'd)

- DoD Civilian Employees
  - Do not include these debts with OOS transfers to DFAS
  - DD2481 should be prepared for payroll offset
  - Forward DD2481 and backup documentation to your DFAS POC
  - CONUS and Germany: [Patricia.Freeley@dfas.mil](mailto:Patricia.Freeley@dfas.mil)  
  
315-709-6752
  - Korea: [Barbara.Lewthwaite@dfas.mil](mailto:Barbara.Lewthwaite@dfas.mil) 315-709-6296



## Common Issues (Cont'd)

- Active/Inactive Reservist
  - Per DoD FMR Vol 5/Chap 29 – 290101, DFAS cannot accept for OOS collection, a debt from anyone who receives pay from the DoD
  - For a debt to be considered OOS, all pay records must have a current status of “separated”
  - Especially applies to medical services provided to a Reservist who was not on orders at the time of treatment
  - Process a DD139 for payroll offset and forward to your DFAS Servicing POC



## Common Issues (Cont'd)

- Debt Cancellation/Recall/Reduction or Temporary Suspension of collection action
  - On occasion, an OOS debt that has been transferred to DFAS may require a specific action
    - Reasons: New information that patient had Medicaid, Workers' Comp, Victim of Crime, erroneous transfer, etc.
  - Send an e-mail request to your DFAS Rome POC. Include patient name on the subject line
  - Include patient's name, full SSN, acct numbers, and amounts. Include a brief explanation for the request. Include all of your contact information in the signature block
  - DFAS Rome will forward request to DFAS IN and will inform you when the action has been completed





## Common Issues (Cont'd)

- Collections: For OOS Debts transferred to DFAS
  - Any collections from the patient or on behalf of the patient should be processed by Cash Collection Voucher, CCV 1131, for deposit into the appropriate suspense account
  - Please do not:
    - Reverse the debt in CHCS
    - Post the collection to your patient records system
    - Recall the debt from DFAS



# GFEBS Transfers

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- GFEBS Transfers for OOS Debts over \$225.00
  - Procedure for transfers of debts out of CHCS remains the same. Prepare debt packages and send to your DFAS Rome POC
  - The only difference under GFEBS will be the Line of Accounting (LOA)
  - DFAS Rome will create the Customer Number and Account Number in GFEBS



# Q&A

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- Questions?